

**State Employee Benefits Committee
March 19, 2010, 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware**

The State Employee Benefits Committee met on March 19, 2010 at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, OMB, Director,
Statewide Benefits
Faith Rentz, OMB, Statewide Benefits
Ann Skeans, OMB, Statewide Benefits
Mary Thuresson, OMB, Statewide Benefits
Vicki Ford, OMB, Financial Operations
Casey Oravez, OMB, Financial Operations
Tina Hession, OMB, PHRST
Mike Morfe, AON Consulting
Carolyn Berger, Justice, Supreme Court
Steve Kubico, Office of Controller General
Lori Christiansen, Office of Controller General
Russ Larson, Controller General
Henry Smith, DHSS, Public Health
Julian Woodall, Department of Insurance
Nick Adams, State Treasurer's Office
Tom Cook, Secretary of Finance
Kim Vincent, Office of Pensions
Andrew Kerber, Department of Justice

Tom Chapman, Chair, SEBAC
Margaret Teal, City of Dover
Kim Hawkins, City of Dover
Mary Pat Urbanik, U of D
Toni A. Reed, U of D
Timothy Barchak, DSEA
Judy Anderson, DSEA
Stephen P. Smith, DSEA, retired
Jim Testerman, DSEA, retired
Julie Caynor, Aetna
Katherine Impellizzeri, Aetna
Drew Brancati, BCBSD
Faith Joslyn, BCBSD
Sandy Richards, AFSCME
Angela Alexander, AFSCME
Judy Grant, HMS
Hugh Ferguson, DRSPA
Karol Powers-Case, DRSPA
Wayne Kee, Dominion Dental
David Leiter, State Employee, DHSS

Agenda Items Discussed:

Introductions/Sign In

Ms. Visalli called the meeting to order at 2:05 p.m. noting there was a quorum present. A reminder was given for those wanting to make public comment to sign up. Introductions around the room followed.

Approval of Minutes

Ms. Visalli asked for a motion to approve the March 8, 2010 SEBC minutes. Controller General Larson made the motion to approve the minutes and Mr. Adams seconded the motion. The minutes were approved with unanimous voice vote.

Ms. Visalli explained today's meeting and the one scheduled for March 29th will focus on what needs to be accomplished to conduct Open Enrollment. A motion on FY 2011 rates was not necessary today, but would be needed on March 29th.

Director's Report – Brenda Lakeman

It was reported that there have been two finalists selected as part of the Health Management Request for Proposals, which is for Wellness and Disease Management services. The Proposal Review Committee

(PRC) will conduct second round interviews on Monday, March 22nd. The PRC hopes to bring a contract award recommendation to the SEBC at the March 29th meeting.

Health Fund Financials – Vicki Ford (handout)

It was reported that as of the end of February 2010 the cash balance is negative \$800,000.

There were no questions related to the report.

Group Health Plan FY 2011 Planning – Faith Rentz (handout)

Objectives for Today's Discussion:

- Review Updated FY 2011 Budget Projections & Impact of Previously Approved Plan Changes
- Surplus vs. Reserve
- Looking Ahead to FY 2012
- Plan Design Options
- FY 2011 Group Health Program Rates

After detailed explanation was presented, the Committee had an in-depth, lengthy discussion related to available options to close the remaining FY 2011 deficit. The Committee verbally agreed that they would not pursue any additional health plan design or co-pay changes to further reduce the remaining shortfall. There were numerous questions and answers. No vote would be taken today on either the FY 2011 Group Health Insurance Rates or the Committee's recommendation on the source of funds to address the \$37.5M balance. It was suggested that the Joint Finance Committee be informed of the remaining unfunded balance to meet expenditures in FY 2011 and that use of monies from the Health Fund reserve would be necessary if additional funds were not appropriated by the General Assembly. A final decision will be necessary at the March 29th meeting.

SEBAC Comment – Tom Chapman, Chair, SEBAC

SEBAC, with great concern and reluctance, supports the proposed method of balancing next year's shortfall. This would include the use of Medicare Part D funds, the proposal from the Governor's budget, projected savings from policy changes and the one time use of Reserve Funds.

Public Comments

Mr. Testerman, DSEA, Retired asked why there were premium moratoriums used which create a deficit. He did not want this practice to continue.

Mr. Richards from ASFCME suggested use of the Health Fund Reserve or State's Rainy Day Fund to fill the gap. He was also afraid that additional benefit reductions would drive good workers away from state employment.

Mr. Barchek, DSEA was opposed to the premium moratoriums. He stated they need to increase the General Fund contribution. Concerning health care cost solutions, he does not support a tiered plan for new hires.

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Ms. Powers-Case, DRSPA had questions about the retirees' plan and Medicare supplemental. Ms. Lakeman stated there were no changes.

Mr. Leiter stated two tier insurance and adding co-insurance or increasing co-pays will kill the lower pay grade employees. Even ten dollar increases could mean people don't have enough money to purchase food. If low pay grade employees leave due to benefit cuts there can be catastrophic results without employees to do those essential services. He had questions about one time funding and long term disability which Ms. Lakeman and Ms. Visalli explained.

Other Business

None.

Ms. Visalli stated the SEBC needed to move into Executive Session and asked for a motion. Secretary Cook made the motion and Mr. Adams seconded the motion. Upon unanimous voice approval the SEBC moved into Executive Session at 4:06 p.m.

The public session of the SEBC meeting resumed at 4:11 p.m. Being no further business, Ms. Visalli asked for a motion to adjourn. Secretary Cook made the motion and Mr. Adams seconded the motion. Upon unanimous voice approval the meeting adjourned at 4:12 p.m.

Respectfully submitted,

Mary K. Thuresson
Administrative Specialist
Statewide Benefits Office, OMB